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Impact of Bank Programmes on Socio-Economic Development of Beneficiaries: A Study of Hunsur Taluk in Mysore District

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Abstract

The main aim of the study is to identify the bank programmes based on the socio-economic conditions of the beneficiaries in the study area. The scope of the study is confined to the role of credit institutions in uplift of the weaker sections, with special reference to IOB [Indian Overseas Bank] in Hunsur Taluk. Background of the study identifies the need to channelize the flow of credit to certain sectors of the economy in the larger interests of the country - known as the priority sectors. It can be traced to the year 1967-68. During the slack season 1967 the severe imbalances, which had developed in the economy in the previous two years as a result of the slowing down of industrial production, persisted. Therefore, the emphasis of credit policy for the slack season 1967 was on overall restraint. Nevertheless, within this framework of restraint, it was liberalized on a selective basis with a view, among other purposes, to enlarge the flow of credit to the priority sectors such as agriculture, exports, and SC, ST, artesian, etc. At this time the Government of India had initiated steps to institute social control over banks, by introducing necessary reforms to remove certain deficiencies observed in the

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functioning of the banking system and to promote a purposive distribution of credit consistent with the basic economic and social objectives. The present study has been undertaken to examine the impact of bank programs on socio economic conditions of the beneficiaries of the study area. The study is based on both secondary and primary sources of data.

Keywords: Bank programs, socio-economic development, bank credit, hunsur taluk

Introduction

Various relaxations/incentives in the form of refinance from the Reserve Bank at a concessive rate of interest or on the other special terms are not available for other banking services, and guarantee for covering the risk of loan repayments, were extended to banks from time to time to increase their involvement in lending to the priority sectors. The Government of India have initiated steps to institute social control over banks, by introducing necessary reforms to remove certain deficiencies observed in the functioning of the banking system and to promote a purposive distribution of credit consistent with the basic economic and social objectives. The present study has been undertaken to examine the impact of bank programs on socio economic conditions of the weaker sections in the Hansur Taluk.

Methodology of the Study

The present study is based on both secondary and primary sources of data. The secondary data has been collected from the following sources. The time series data with regard to loans advanced [loans outstanding] to weaker sections under different schemes and credit expansions to agricultural and non-agricultural sectors were collected for the period 1999-2000 to 2008-09.The time series data has been collected from the records available at the lead bank [SBM] from IOB, Kattemalalwadi, Karnataka and the Indian

economic survey, etc. Primary data has been collected from the beneficiaries and non-beneficiaries of Hunsur taluk through structured questionnaire. The sample has been chosen from Hunsur taluk on stratified random sampling basis. This sample beneficiaries and non beneficiaries were interviewed in various villages of Hunsur taluk, and the information was gathered from 100 sample respondents in Hunsur Taluk. Semilog model has been used to examine the bank's average growth of credit to the weaker sections of the sources. Two samples such as the test and Chi-square test has been used to analyze the difference between beneficiaries and non-beneficiaries. Stata, Eviews, SPSS and MS excel, and Micro fit is used to estimate the results.

Results and Discussion

This section provides the background of the respondents on the basis of the answers to the questions put forth to them during the interview. The total sample size is 100.

Male and Female Ratio of the Respondents

Table I: Male and Female Ratio of the Respondents

Male	Female	Total
68	32	100

Source: Field Survey

Above, table 1 show that 68% of the respondents are Male and 32% are Female respondents. It further explains that in the male dominated society like India men has an upper hand in the sphere of banking, services, municipalities, panchayaths, co- operatives, politics, etc.

Educational Status of the Respondents

Table II: Educational Status of the Respondents

Educational status	No. of the respondents	% of respondents
a) illiterate	11	11%
b)literate	73	73%

c) above matriculation	16	16%
Total	100	100%

Source: Field Survey

Above, table 2 shows that majority of the respondents are literate. Within the literate there are 37 respondents from beneficiaries and 36 respondents from non-beneficiaries, around 73% of the respondents are literates. In the respondents 11 people are illiterate and out of there 7 are from beneficiaries and 4 from non-beneficiaries. There are 16 respondents who have studied above matriculation; out of them 6 are from beneficiaries and 10 from non-beneficiaries.

Family Income of the Respondents

Table III: Family Income of the Respondents

Income	No. of Beneficiaries	% of the Respondents
2000-5000	22	22%
5000-10,000	30	30%
Above 10,000	48	48%
Total	100	100%

Source: Field Survey

The table above3 shows that 48% of the respondents have an income of more than Rs.10,000, it shows that majority of the respondents can more than Rs.10,000. Of this 26 respondents are from beneficiaries and 22 from non-beneficiaries. In beneficiaries a person get nearly 1 lakh Rs, this is highest income from all respondents, he earns from Piggery under PMRY scheme. The second majority income level is 30% and out of that 20 respondents are from beneficiaries and 10 from non-beneficiaries. 22% of the respondents have 2000-5000 income level, out of which 4 respondents are from beneficiaries and 18 from non-beneficiaries.

Occupational Pattern of the Respondents

Table IV: Occupational Pattern of the Respondents

Occupational Pattern	No. of Respondents	% of the Respondents
a) Agriculture	67	67%
b) Business	12	12%
c) Government employee	3	3%
d) Factory workers	2	2%
e) Wage based workers	16	16%
Total	100	100%

Source: Field Survey

The above table 4 explains that, majority of the respondents that is about 67% depend on the agricultural sector about 67%. 10% respondents depends on businesses like goods auto drivers, meat merchant etc; while 2% of the beneficiaries are from Bakery, petty shops, and so on. Wage based workers are the second majority respondents and around 16% of the total respondents.

Bank Scheme Name under Beneficiaries Benefited

Table V: Bank Scheme name under beneficiaries benefited

Schemes	No. of the Respondents	% of the Respondents
a) PMRY	9	18%
b) SGSY	1	2%
c) DRI	4	8%
d) Released Bounded labourer	2	4%
e) Women and Child Development	2	4%
f) SC/ST Corporation	11	22%
g) OBC Corporation	21	42%
Total	50	50%

Source: Field Survey

The above table 5 shows that bank has advanced credit to weaker sections under OBCs Corporation and around 21% of it has been used for dairy (animal husbandry) purposes. Under the PMRY

scheme bank has advancing credit for Bakery, piggery, petty shops, and goods auto around 9% of the total. Under DRI scheme bank has advancing credit for flower business purposes. And bank has advancing credit under SGSY, Released Bounded labourers, SC/ST Corporation and Women and Child Development which is around 1%, 2%, 11%, and 2% respectively.

Caste of Respondents

Table VI: Caste of respondents

Caste	No. of Respondents	% of the Respondents
a) SC/ST	50	50%
b) OBCs	50	50%
Total	100	100%

Source: Field Survey

The above table 6 shows that 50% of the respondents from the SC/ST category and 50% from the OBCs category have been interviewed for this study.

Opinions of the Beneficiaries

This section explains the Opinions of the beneficiaries of banks operation on the basis of the answers to the questions put forthto them during the interview.

1) Awareness of Bank Beneficiaries

Table VII: Awareness of Bank Beneficiaries

Through Other People, SHGs, and Bank.	Own Awareness (through news, paper, TV)	Total no . Respondents
44	6	50

Source: Field Survey

The above table 7 explains the awareness of the respondents in Bank/Govt. schemes, 88% of the respondents have got information through people, Sanga, ZP, Bank offices, and Industrial Centres

and remaining 12% of the respondents have awareness through news paper, TV, etc.

2) Support Needed from the Bank

Table VIII: Support needed from the bank

Types of support	**No. of Respondents**	**% of Respondents**
a)Increase the amount of assistance	32	64%
b)Reduce the interest rate	18	36%

Source: Field Survey

The above table 8 indicates that around 64% of the respondents have suggested increasing the amount of assistance and about 63% of the respondents have suggested reducing the rate of interest.

3) Benefitted from the Scheme

Table IX: Benefitted from the scheme

Yes	**No**	**Total**
50	**0**	**50**

Source: Field Survey

The above table9 indicates that beneficiaries of the bank under the certain schemes explained that they were benefited. All the 50 beneficiaries answered that they were benefitted from the bank schemes. They are quite satisfactory with the assistance from the bank.

4) Subsidy to the Beneficiaries

Table X: Subsidy to the beneficiaries

Yes	**No**	**Total**
30	20	50

Source: Field Survey

The above table 10 explains that about 60% of the respondents have received subsidy according to the notification and 40% of the respondents have not received subsidy at all.

5) Loan Available to Beneficiaries

Table XI: Loan available to beneficiaries

Yes	No	Total
45	5	50

Source: Field Survey

The above table 11 indicates that about 90% of the beneficiaries have received loan on time and another 10% of the beneficiaries said that they got the loan quite late.

Impact of Bank Credit on Socio-Economic Development of Beneficiaries and Non-Beneficiaries: An Analysis of Two-sample t-test (Student t- test)

The two-sample t-test is one of the most commonly used hypothesis test. A Two-sample test compares two sample estimates with each other. It is applied to compare whether the average difference between two groups is really significant or not. This is probably the most widely used statistical test of all time, and certainly the most widely known. It is simple, straightforward, easy to use, and adaptable to a wide range of situations. No statistical toolbox should ever be without it.

Its utility is occasioned by the fact that scientific research very often examines the phenomena of nature, two variables at a time, with an eye towards answering the basic question: are these two variables related? If we alter the level of one, will we thereby alter the level of the other? Or alternatively: if we examine two different levels of one variable, will we find them to be associated with different levels of the other? It helps to answer questions like whether the average success rate is higher after implementing a new tool than before. W. S. Gossett, who was employed by the Guinness Brewery in Dublin was publishing under the pen name **"Student",** in 1908. He devised an equation that would compensate for small samples. "Student" (real name: W. S. Gossett [1876-1937]) developed

statistical methods to solve problems stemming from his employment in a brewery. Student's Mest deals with the problems associated with inference based on "small" samples: the calculated mean (X_{avg}) and standard deviation (rr) may by chance deviate from the "real" mean and standard deviation (i.e., what you'd measure if you had many more data items: a "large" sample).

Here we utilize Two-sample t-test to compare the average difference between two groups such as Beneficiaries (group A) and Non- beneficiaries (group B). In this section we tried to compare expenditure, overall income, and caste wise income between two groups.

In each of these cases, the two samples are independent of each other in the obvious sense that they are separate samples containing different sets of individual subjects. The individual measures in group A are in no way linked with or related to any of the individual measures in group B, and vice versa. The version of a t-test examined in this chapter will assess the significance of the difference between the means of two such samples.

Impact of Bank Credit on Income, Expenditure, Assets and Education of the Beneficiaries

Caste Wise Income Comparison

A) SC/ST Income:

Two-sample t test

Group	Obs	Mean	Std. Err.	Std. Dev.	[95% Conf. Interval]	
1	25	16608	3764.616	18823.08	8838.215	24377.78
2	25	10576	2911.496	14557.48	4566.967	16585.03
Combined	50	13592	2394.236	16929.81	8780.603	18403.4
Diff | 6032 4759.111 -3536.835 15600.83						

Diff = mean (l)-mean (2) t= 3.2675 Ho: diff = 0

Degrees of freedom = 48

Pr(|T|>|t|) = 0.0011

The table shows the comparison between SC/ST's income of both the Beneficiaries and Non- beneficiaries. Here the caste wise income of the Beneficiaries and Non- beneficiaries has been estimated separately. The total sample size is 50 and it is divided into 2 groups such as Beneficiaries and Non-beneficiaries of SC/ST in the sample size of 25 each respectively.

The beneficiary SC/STs has been named as group A with Mean Value of 16608, and Standard deviation- 18823.08, it shows the variance around their Mean value. Non-beneficiaries SC/STs have been named as group B with Mean-10576 and Standard deviation-14557.48, it shows variance around Non-beneficiaries Mean value.

Compared to Beneficiary, non beneficiary's mean and Standard deviation is lower because the bank credit has impacted on beneficiary with large Mean and Standard deviation. With the 95% confidence interval and 48 degrees of freedom, the't' value is 3.2675 at 5% significant level [pr (T)>ItI=0.0011] and **Critical value** is 2.021.

Interpretation: Since the calculated value (table value) is larger than the critical value [3.2675>2.021] Ho is rejected and concluded that there is difference between Group A and Group B.

The result shows that Ho is rejected because the 't' statistic is statistically significant; hence there is difference between Beneficiary and Non- beneficiary Mean Income.

B) OBC

Two-sample t test

Group	Obs	Mean	Std. Err.	Std. Dev.	[95% Conf. Interval]	
1	25	15760	1599.25	7996.249	12459.31	19060.69
2	25	16888	2254.782	11273.91	12234.36	21541.64
Combined	50	16324	1370.37	9689.981	13570.14	19077.86
Diff		-1128	2764.352		-6701.841	4445.841

Diff = mean (1) - mean (2) t =-4.4081Ho: diff = 0

Pr (|T| > |t|) = 0.0352

The above result provides the comparison between beneficiaries and non-beneficiaries. The sample size is 50 and this is divided in to 2 groups such as group A (beneficiaries) and group B (non-beneficiaries) in the size of 25 each respectively. Here study has estimated the caste wise income of the Beneficiaries and Non-beneficiaries. The table shows the comparison between OBC's income of the both Beneficiaries and Non- beneficiaries.

Group A (beneficiaries) has Mean value of 15760 with Standard deviation-7996.249, it shows the variance around group A's mean value. Group B (non- beneficiaries) has Mean Value of 16888 and Standard deviation 11273.91, it shows the variance of group B's that closely spread around its mean value.

Compared to group A, group B's Mean and Standard deviation is greater because group B's economic condition much better compared to non beneficiaries OBCs (group B). With the 95% confidence Interval and 48 degrees of freedom, the 't' value is –

4.4081 at 5% level of significance [pr (ITI>ItI)=0.0352], Critical value is 2.021.

Interpretation: Since the calculated value (table value) is smaller than the Critical value (- 4.4081 < 2.021), Ho is not rejected and it can be conclude that there is no significant difference between Group A and Group B's Mean Income.

2. Overall Income

Two-sample t test

Group	Obs	Mean	Std. Err.	Std. Dev.	[95% Conf. Interval]	
1	50	16184	2025.042	14319.21	12114	20253.47
2	50	13732	1877.311	13274.6	9959.402	17504.6
Com	l00	14958	1379.203	13792.03	12221.36	17694.64
Diff |	2452	2761.357	-3028.215	7932.215		

diff=mean (l)-mean(2) t= 3.8880Ho: diff = 0 Satterthwaite's degrees of freedom = 97.443

Pr (|T| > |t|) = 0.0267

The above result indicates the income difference between the Beneficiaries and Non beneficiaries. The total sample size is 100; it is divided into 2 groups as group-A (beneficiaries) and group-B (Non-beneficiaries) in the sample size of 50 in each groups respectively.

This table shows the overall income of the group A and group B. Group A has Mean value of 16184 and Standard deviation is 14319.21, it shows the spread around the mean value.

Group B has 13732 Mean value and 13274.6-Standard deviation, the variance of group B is very closely spread around its Mean value. Compare to beneficiary, the non-beneficiary's Mean and standard deviation is lower because the bank credit has impacted on group a (beneficiaries) with larger Mean and Standard deviation. With the 95% confidence interval and 97.443(Satterthwaites) degrees of freedom, the 't' value is 3.8880 at 5% level of significance and Critical value is 1.980.

Interpretation: Since the calculated value (table value) is larger than the critical value (P value) [3.8880>1.980] Ho is rejected and concluded that there is significance between group A (beneficiaries) and Group B (non-beneficiaries). Observing the Means Income values of both the groups, it can be said that Group A is better than Groups B. because bank credit has impact on income of the group A under different schemes. Since Ho is rejected, there is difference between group A and group B.

1. Expenditure

Two-sample t test

Group	Obs	Mean	Std. Err.	Std. Dev.	[95% Conf. Interval]
1	50	2444	169.2519	1196.792	2103.876	2784.124
2	250	2204	163.5813	1156.695	1875.271	2532.729
Combined					
	100	2324	117.7149	1177.149	2090.428	2557.572
diff		240	235.3828	-227.1163	707.1163	

diff = mean(l)-mean(2) t= 2.0196

Ho: diff = 0 Satterthwaite's degrees of freedom = 97.8864

Pr (|T| > |t|) = 0.0104

The above table shows the analysis on expenditure beneficiary and non-beneficiaries. The sample size 100, that is divided into 2 groups such as group A (beneficiaries) and group B (non-beneficiaries) in the sample size of 50 each respectively.

Group A has Mean value of 2444 and standard deviation is 1196.792, it shows variance or spreadness around its Mean value. Group B has Mean value of 2204 and standard deviation 1156.695, it shows variance or spread around mean.

Compared to group A, group B's Mean and Standard deviation is smaller, because bank credit impact on group A under different schemes with larger Mean and Standard deviation is different. With the 95% Confidence interval and 97.8864 degrees of freedom, the 't' value is 2.0196 at 5% level of significance and Critical value is 1.980.

2. Interpretation

Since the calculated value (table value) is larger than the Critical value [2.0196>1.980], Ho is rejected and it can be concluded that there is significance between Group A (beneficiaries) and group B(non-beneficiaries), due to the bank credits impact on group A's expenditure under different schemes. Hence the result shows that Ho is rejected, since there is difference between group A and group B.

3. CHI-SQUARE Test

Chi-square is the one of the simplest and most widely used non-parametric tests in satisfied works. The chi-square test is based on *y2* distribution which was first used by Karl Pearson in the year 1900.

Chi- Square is used to test equality of variance or to test equality two samples mean value. It is also used to test homogeneity, and to compare between two or more normal distributions.

4. Education

Case Processing Summary

Education * group	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
	100	99.0%	1	1.0%	101	100.0%

Education * group Cross tabulation

Count			
	Group		
	Beni	Nonbeni	Total
Education above	6	10	16
Illiterate	7	4	11
Literate	37	36	73
Total	50	50	100

Chi-Square Tests			
	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	2.832[a]	2	.0400
Likelihood Ratio	2.853	2	.0396
N of Valid Cases	100		
a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 5.50.			

In the above study examining the education status of beneficiaries and non-beneficiaries under different bank schemes, the sample size is 100, which is divided into two groups such as Group A(Beneficiaries) Group B (Non-Beneficiaries) in the sample size of 50 each respectively.

With the 95% of confidence interval, the degrees of freedom is two, its estimated mean value is 2.832 at 5% level of significance and the critical value is 5.99.

Interpretation: Since the calculated value(table value) is lesser than the critical value (2.832 < 5.99) HO is rejected and it can be

concluded that there is a significant difference between Group 'A' and Group 'B's education status, because bank credit has adequate means to increase the educational level of beneficiaries.

5. Assets

This study reveals, that most of the beneficiaries have good assets like T.V, Bike, Mixi, and Tractor, Animals (Goat, Sheep, Cows and Pigs) and own houses, but Non-Beneficiaries have assets like home, T.V. Mixi. During the Data collection study it has been observed that beneficiaries have well owned assets compared to Non-Beneficiaries. The SC/STs have a low income and it also influenced on their assets, for these people are daily based labourers.

Summary of the Study

This study has proved that the role of the Bank is very important for the upliftment of the Socio- Economic conditions of the weaker sections in Hunsur Taluk. Non- beneficiaries asked to help them to increase their Socio- economic well-being through credit facility and this could be seen during the whole data collection. This study has proved that the Indian Overseas Bank has provided timely credit facilities for increasing the Socio-economic conditions of the weaker sections in surrounding the Hunsur Taluk. It has been proven from empirical tests that there is a difference between beneficiaries and non-beneficiaries in income, expenditure and assets, except the educational status, because bank has created an impact only on the beneficiaries income, expenditure and economic conditions, this is also proven from the't' test and Chi-square test. Finally it can be concluded that government schemes could increase the socio- economic conditions of the weaker sections and that there is also a need to involve local communities and Panchayath Raj Institutions, and financial institutions like Bank to the maximum possible extent so that the local people have a stake in planning for their own welfare and uplift.

Major Findings of the Study

Based on the analysis and discussion on the study of "Role of Credit Institutions in Upliftment of the weaker sections: with

special reference to Indian Overseas Bank in Hunsur Taluk" the following have been drawn,

Most of the respondents are of the opinion that, Indian Overseas Bank has uplifted their Socio-economic conditions under certain schemes; it means they have benefited from the bank.

The Bank has advanced credit to the weaker sections under OBCs Corporation and around 21% has been used for Dairy (animal husbandry) purpose. Under PMRY scheme bank has advancing credit for Bakery, piggery, petty shops, and goods auto around 9% of the total. Under the DRI scheme, the bank also has advancing credit for flower business purpose. And bank has advancing credit under SGSY, for Released Bounded labourers and SC/ST Corporation.

Around 64% of the respondents have suggested increasing the amount of assistance and about 36% of the respondents have suggested reducing the rate of interest.

Policy Implications

The findings and observations of the study have their own better light on the effective functioning of the credit institution in advancing to weaker sections.

Lending more long-term loan is very essential for accelerating agricultural development. This is the only way to help farmers to overcome the random shocks like natural calamities.

The Bank and respected Government institutions have to create awareness programme in customers, through advertisement in TV, News papers, etc.

RBI has passed a notification to all Commercial Banks about lending to weaker sections, that CBs should give 10% credit to weaker sections out of 40% of credit lending. This 10% is not adequate for the economic upliftment of the weaker sections of the society; it has to increase up to 15% to 20%.

Beneficiaries should utilize the credit in order to improve their Socio-economic conditions.

The Bank has to find out right persons for the particular schemes through local institutions like ZP, TP, etc.

Conclusion

This study has proved that the Indian Overseas Bank is increasing the Socio-economic condition of the weaker sections in the surrounding Hunsur Taluk, it has been proven from the empirical test and there is difference between beneficiaries and non-beneficiaries in income, expenditure and assets, except educational status, because bank has created an impact on only beneficiaries income, expenditure and economic conditions. It is also proven from 't' test and Chi-square test. Finally it can be conclude that the government could increase the socio- economic conditions of the weaker sections and there is also a need to involve local communities and Panchayath Raj Institution and financial institutions like Bank to the maximum possible extent so that the local people have a stake in planning for their welfare and Upliftment in the study area.

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